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CHÉRIE R. KISER | 202-862-8950 | ckiser@cgrdc.com

July 17, 2008

**Via Federal Express**

Arizona Corporation Commission  
Docket Control  
1200 W. Washington Street  
Phoenix, AZ 85007-2927

Re: Docket Nos. T-20517A-07-0135 and T-04045A-07-0135,  
Joint Application of STi Prepaid, LLC and Dialaround Enterprises Inc.  
Response to Sixth Data Request

Dear Sir or Madam:

STi Prepaid, LLC ("STi Prepaid"), by its attorneys, provides an original and fourteen (14) copies of its response to Staff's Sixth Data Request in the above-referenced docket. Please date stamp the enclosed copy of this response and return it in the self-addressed, postage pre-paid envelope. If you have any questions concerning this matter, please contact the undersigned.

Respectfully submitted,

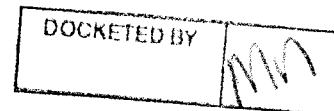
Chérie R. Kiser

Counsel for STi Prepaid, LLC

Enclosures

cc: Kevin Torrey  
John Bostwick (via electronic mail)

Arizona Corporation Commission  
DOCKETED  
JUL 21 2008



RECEIVED  
2008 JUL 21 P 1:52  
AZ CORP COMMISSION  
DOCKET CONTROL

**RESPONSE TO STAFF'S SIXTH SET OF DATA REQUESTS TO  
STi PREPAID, LLC  
DOCKET NOS. T-20517A-07-0135 and T-04045A-07-0135**

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STi Prepaid, LLC ("STi Prepaid"), hereby responds to Staff's Sixth Set of Data Requests issued in the above-referenced dockets. STi Prepaid's responses to these Data Requests are based on the best information presently available. STi Prepaid reserves the right to amend, supplement, correct, or clarify any response provided herein if other or additional information is obtained. STi Prepaid has listed each interrogatory and response on the same sheet of paper, using a separate sheet for each interrogatory number, and has identified the respondent to each question. STi Prepaid's responses are as follows:

AZ CORP COMMISSION  
DOCKET CONTROL

2008 JUL 21 P 1:52

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RESPONSE TO STAFF'S SIXTH SET OF DATA REQUESTS TO  
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**JFB6-1.** In an e-mail dated May 27, 2008 to Kevin Torrey, Cherie Kiser stated that "Mr. Tawfik holds twenty-five percent (25%) indirect ownership in STi Prepaid." Staff interprets this to mean that STi Prepaid will rely 75 percent on the financial resources of Leucadia National Corp., as ultimate majority holder of STi Prepaid and 25 percent on the financial resources of ST Finance, LLC that is owned 100 percent by Samer Tawfik as minority holder of STi Prepaid. Please confirm the percentage of reliance by STi Prepaid, LLC on the financial resources of Leucadia National Corp. and on the financial resources of ST Finance, LLC.

**STi Prepaid**

**Response:** There is no specific "percentage of reliance" by STi Prepaid on the financial resources of Leucadia National Corp. or on ST Finance, LLC. Staff appears to be confusing ownership interests with financial information. Dialaround and STi Prepaid are businesses, and will rely on revenues and profits to support its business activities as any other business venture does.

**Respondent:** Thomas D'Aurio  
Chief Financial Officer, STi Prepaid, LLC  
1250 Broadway, 26th Floor  
New York, NY 10001  
212-660-2720 (telephone)  
Thomas.D'Aurio@stiprepaid.com

RESPONSE TO STAFF'S SIXTH SET OF DATA REQUESTS TO  
STi PREPAID, LLC  
DOCKET NOS. T-20517A-07-0135 and T-04045A-07-0135

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**JFB6-2.** In your e-mail dated May 27, 2008 to Kevin Torrey, Cherie Kiser stated that "The revenue (STi Prepaid) is rolled-up into Leucadia National Corp., as ultimate majority holder of STi Prepaid." Since you were able to identify STi Prepaid, LLC's net income, assets, and equity, please identify STi Prepaid, LLC's revenue figures rolled-up into Leucadia National Corp. for 2007 and 2006 and provide all of STi Prepaid, LLC's financial information requested in (B-2) on the Application form. The financial information you provided indicates that detailed financial figures of STi Prepaid, LLC are available and can be broken out or rolled-out from Leucadia National Corp.'s financial information. Staff needs detailed financial information requested in (B-2) on the Application form to verify STi Prepaid, LLC's reported net income of \$16,631,000 from the Income Statement and reported assets of \$16,631,000 and negative equity/deficit of \$14,793,000 from the Balance Sheet.

**STi Prepaid**

**Response:** STi Prepaid's confidential, non-public financial information has been provided to Kevin Torrey under separate cover pursuant a Protective Agreement. The information provided in response to JFB 4-4 was incorrect for STi Prepaid's net income and assets. The correct numbers are reflected in the financial information provided under seal to Kevin Torrey and set forth below:

Net income: \$20,031,000  
Assets: \$87,481,000  
Equity/Deficit: (\$14,793,000)

**Respondent:** Thomas D'Aurio  
Chief Financial Officer, STi Prepaid, LLC  
1250 Broadway, 26th Floor  
New York, NY 10001  
212-660-2720 (telephone)  
Thomas.D'Aurio@stiprepaid.com

**RESPONSE TO STAFF'S SIXTH SET OF DATA REQUESTS TO  
STi PREPAID, LLC  
DOCKET NOS. T-20517A-07-0135 and T-04045A-07-0135**

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**JFB6-3. Please provide evidence that STi Prepaid, LLC is registered to provide telecommunications services in the State of Iowa.**

**STi Prepaid**

**Response:** STi Prepaid's status in the State of Iowa has no bearing on whether it has the managerial, technical, and financial capability to provide telecommunications services in Arizona. Nonetheless, STi Prepaid provides in Attachment 1 copies of its initial registration statement from February 2007 and its updated registration statement from July 2008 reflecting changes to STi Prepaid's address and legal counsel. Further, counsel for STi Prepaid has confirmed with Iowa staff that STi Prepaid is considered a registered telecommunications provider in the State of Iowa.

**Respondent:** Richard Rebeti  
Chief Operating Officer, STi Prepaid, LLC  
1250 Broadway, 26th Floor  
New York, NY 10001  
212-660-2714 (telephone)  
Richard.Rebeti@stiprepaid.com

**RESPONSE TO STAFF'S SIXTH SET OF DATA REQUESTS TO  
STi PREPAID, LLC  
DOCKET NOS. T-20517A-07-0135 and T-04045A-07-0135**

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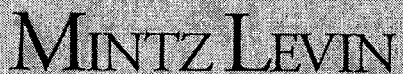
**JFB6-4. Please provide a copy of Attachment E that you referenced in Items (A-11) and (A-12) of your Application.**

**STi Prepaid**

**Response:** Attachment E was included with STi Prepaid's Application as evidenced by the fact that Staff Interrogatory JBF1-5 concerned Attachment E. Nonetheless, Attachment E to STi Prepaid's Application is re-attached as Attachment 2.

**Respondent:** Richard Rebetti  
Chief Operating Officer, STi Prepaid, LLC  
1250 Broadway, 26th Floor  
New York, NY 10001  
212-660-2714 (telephone)  
Richard.Rebetti@stiprepaid.com

**1**



Chérie R. Kiser | 202 434 7325 | crkiser@mintz.com

701 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
202-434-7300  
202-434-7400 fax  
www.mintz.com

February 23, 2007

VIA OVERNIGHT MAIL

Ms. Judi Cooper  
Executive Secretary  
Iowa Utilities Board  
350 Maple Street  
Des Moines, IA 50319

FILED WITH  
Executive Secretary

FEB 26 2007

IOWA UTILITIES BOARD

**DATE STAMP  
AND RETURN**

**Re: Registration of STi Prepaid, LLC as a Toll Reseller; Notification of the  
Transfer of Assets of Dialaround Enterprises Inc. to STi Prepaid, LLC, and  
Notification of Discontinuance of Services of Dialaround Enterprises Inc.**

Dear Secretary Cooper:

Enclosed please find the Telecommunications Service Provider Registration ("Registration") of STi Prepaid, LLC ("STi Prepaid") attached as Exhibit A. STi Prepaid files its Registration for intrastate interexchange authority in connection with a pending transaction between STi Prepaid and Dialaround Enterprises Inc. ("DEI"). DEI currently is registered as an interexchange service provider with the Iowa Utilities Board ("Board") and currently provides dial-around services in Iowa. Pursuant to the terms of an Asset Purchase and Contribution Agreement between STi Prepaid, DEI, and their respective individual owners and corporate parents dated January 23, 2007, DEI agreed to transfer all or substantially all of its assets to STi Prepaid (the "Transaction").

After consummation of the Transaction, STi Prepaid will provide intrastate interexchange telecommunications services including dial-around and prepaid calling card services in Iowa. It is the Parties' understanding that no prior Board approval is required to consummate the Transaction described herein. The Parties therefore submit this notice for the Board's information.

In addition, by this letter, DEI hereby also notifies the Board that after consummation of the Transaction described herein, DEI will discontinue providing all services within the state of Iowa pursuant to IAC 199-22.16. DEI will notify the Board when the Transaction is consummated and its cancellation will be effective. In support of its notice of discontinuance and notice of the Transaction, DEI and STi Prepaid provide the following information.

**1. Parties to the Transaction**

STi Prepaid, a Delaware limited liability company, is an indirect wholly owned subsidiary of Leucadia National Corporation ("Leucadia"), a publicly-traded New York corporation with headquarters at 315 Park Avenue South, New York, NY 10010.

**Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.**

BOSTON | WASHINGTON | NEW YORK | STAMFORD | LOS ANGELES | PALO ALTO | SAN DIEGO | LONDON



The address and telephone number of STi Prepaid is:

STi Prepaid, LLC  
30-50 Whitestone Expressway, 4th Floor  
Flushing, NY 11354  
718-358-5390 (telephone)

DEI is a privately-held Delaware corporation with headquarters at 30-50 Whitestone Expressway, 4th Floor, Flushing, New York 11354. Samer Tawfik, a United States citizen, is DEI's sole owner.

The address and telephone number of DEI is:

Dialaround Enterprises Inc.  
30-50 Whitestone Expressway, 4th Floor  
Flushing, NY 11354  
718-358-5390 (telephone)

**2. Contact**

All correspondence concerning discontinuance of DEI's services in Iowa, the notice of Transaction, and the attached Registration of STi Prepaid should be addressed to:

Chérie R. Kiser  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.  
701 Pennsylvania Avenue, NW, Suite 900  
Washington, D.C. 20004  
202-434-7300 (telephone)  
202-434-7400 (facsimile)  
crkiser@mintz.com

**3. Effect of Proposed Transaction**

The proposed Transaction furthers the public interest, convenience, and necessity. The transfer of DEI's assets to STi Prepaid will benefit consumers by ensuring that consumers continue to have a wide range of telecommunications choices in the long distance market. As an affiliate of Leucadia, a publicly traded company, STi Prepaid will have access to the public capital markets that can provide support for the expansion of the services currently offered by DEI. STi Prepaid will benefit from DEI's experience providing telecommunications services, which will be further enhanced through STi Prepaid's access to the telecommunications expertise of Leucadia, which previously has managed numerous other providers of telecommunications services through various subsidiaries. The combination of existing technical experience at DEI and the financial backing of Leucadia will enhance STi Prepaid's ability to efficiently provide and expand its services.

The proposed Transaction does not present any anticompetitive issues. As indicated on the enclosed Registration, STi Prepaid will operate under the fictitious name of "DEI", among

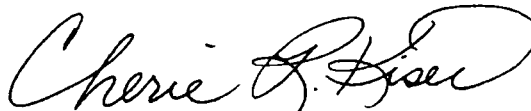
others, as registered with the Iowa Secretary of State. Upon Registration with the Board and after consummation of the Transaction, STi Prepaid will continue to offer the services presently offered by DEI utilizing a significant number of the same employees and the same assets that DEI currently uses to provide telecommunications services in Iowa. Thus, the Transaction will be transparent to any users of DEI's dial-around services.

In addition, customer notice is not required in this case because DEI does not have a dedicated customer base. DEI's dial-around services can be used by any person at any time by dialing DEI's access code. DEI has no knowledge of the identity of the persons that utilize its services, and has no direct relationship with the person utilizing its services. Accordingly, DEI has no customers in Iowa and therefore customer notification of this Transaction is unnecessary and would be almost impossible. In addition, because DEI does not have a dedicated customer base in Iowa, DEI is providing thirty (30) days notice of its discontinuance of services throughout Iowa pursuant to IAC 199-22.16(1).

Pursuant to the Board's filing procedures, please find enclosed an original plus two (2) copies of this letter. Please date-stamp the additional copy of this letter and return it to us in the enclosed envelope. A copy of this notice is also being sent to the Iowa Consumer Advocate as required under IAC 199-22.16. If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

**DIALAROUND ENTERPRISES INC.  
and  
STi PREPAID, LLC**



Cherie R. Kiser  
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo,  
P.C.  
701 Pennsylvania Avenue, NW  
Suite 900  
Washington, D.C. 20004  
202-434-7300 (telephone)  
202-434-7400 (facsimile)  
crkiser@mintz.com

Counsel for Dialaround Enterprises Inc. and STi  
Prepaid, LLC

Samer Tawfik  
Chief Executive Officer  
30-50 Whitestone Expressway  
4<sup>th</sup> Floor  
Flushing, NY 11354  
718-358-5390 (telephone)  
718-732-7751 (facsimile)

Enclosure

cc: Iowa Consumer Advocate

# EXHIBIT A

DEPARTMENT OF COMMERCE  
UTILITIES BOARD  
**TELECOMMUNICATIONS SERVICE PROVIDER REGISTRATION**

1. FULL NAME OF CARRIER PROVIDING SERVICE IN IOWA:

STi Prepaid, LLC

2. CARRIER MAILING ADDRESS (including 9-digit ZIP code):

30-50 Whitestone Expressway, Fourth Floor  
Flushing, NY 11354

3. NAME, TITLE, TELEPHONE NUMBER, E-MAIL ADDRESS, AND FAX  
NUMBER OF CONTACT PERSON:

Cherie R. Kiser, Mintz, Levin, Cohn, Ferris, Glovsky, & Popeo, PC  
701 Pennsylvania Ave, NW Ste 900  
Washington, DC 20004  
202-434-7300 (phone); 202-434-7400 (fax); crkiser@mintz.com

4. ALL TRADE NAMES OR D/B/A'S USED BY CARRIER IN IOWA OR IN  
ADVERTISING OR BILLING THAT MAY REACH IOWA CUSTOMERS:

Telco Group, Telco, TGI, Dialaround Enterprises, Dialaround, DEI, VOIP  
Enterprises, VOIP

5. NAME, MAILING ADDRESS, AND TELEPHONE NUMBER OF AGENT IN  
IOWA AUTHORIZED TO ACCEPT SERVICE OF PROCESS ON BEHALF OF  
CARRIER:

Corporation Service Company  
729 Insurance Exchange Building  
Des Moines, IA 50309

6. TYPES OF TELECOMMUNICATIONS SERVICE PROVIDED (CHECK ALL  
THAT APPLY):

     LOCAL EXCHANGE SERVICE  
  X   INTEREXCHANGE SERVICE  
     DATA TRANSMISSION  
     ALTERNATIVE OPERATOR SERVICES ONLY  
     OTHER—PLEASE SPECIFY: \_\_\_\_\_

7. ATTESTATION. I, David Larsen, certify that I am the company officer  
responsible for this registration, that I have examined the foregoing registration,  
and that to the best of my knowledge, information, and belief the information is  
accurate and will be updated as required.

Dated 2/21/07

SIGNATURE David J. Larsen

DEPARTMENT OF COMMERCE  
UTILITIES BOARD  
**TELECOMMUNICATIONS SERVICE PROVIDER REGISTRATION**

1. FULL NAME OF CARRIER PROVIDING SERVICE IN IOWA:

STi Prepaid, LLC

2. CARRIER MAILING ADDRESS (including 9-digit ZIP code):

1250 Broadway, 26<sup>th</sup> Floor New York, NY 10001

3. NAME, TITLE, TELEPHONE NUMBER, E-MAIL ADDRESS, AND FAX  
NUMBER OF CONTACT PERSON:

Jenni Partridge, Regulatory Affairs Specialist

(P) 212.660.2724 (F) 212.660.2705

Jenni.Partridge@stiprepaid.com

Cherie R. Kiser, Cahill Gordon & Reindell LLP

1990 K. Street, NW Suite 950

Washington, DC 20006

(P) 202.862.8950 (F) 202.862.8958 Email: crkiser@cgrdc.com

4. ALL TRADE NAMES OR D/B/A'S USED BY CARRIER IN IOWA OR IN  
ADVERTISING OR BILLING THAT MAY REACH IOWA CUSTOMERS:

Telco, Telco Group, TGI, Dialaround, Dialaround Enterprises, DEI, VOIP, VOIP  
Enterprises.

5. NAME, MAILING ADDRESS, AND TELEPHONE NUMBER OF AGENT IN  
IOWA AUTHORIZED TO ACCEPT SERVICE OF PROCESS ON BEHALF OF  
CARRIER:

Corporation Service Company

729 Insurance Exchange Building

Des. Moines, IA 50309

6. TYPES OF TELECOMMUNICATIONS SERVICE PROVIDED (CHECK ALL  
THAT APPLY):

☐ LOCAL EXCHANGE SERVICE

☒ INTEREXCHANGE SERVICE

☐ DATA TRANSMISSION

☐ ALTERNATIVE OPERATOR SERVICES ONLY

☐ OTHER—PLEASE SPECIFY: \_\_\_\_\_

7. ATTESTATION. I, Richard Rebetti, certify that I am the company officer  
responsible for this registration, that I have examined the foregoing registration,  
and that to the best of my knowledge, information, and belief the information is  
accurate and will be updated as required.

Dated 7/1/06

SIGNATURE Richard Rebetti

**2**

## Attachment E

### Response to Questions A-11, A-12

#### Question A-11:

The officers, directors, and managers of the Applicant have not been, nor are currently involved in any formal or informal complaint proceeding pending before any state or federal regulatory commission, administrative agency or law enforcement agency.

#### Question A-12:

Except as otherwise specified below, the officers, directors and managers of the Applicant have not been, nor are currently involved in any civil or criminal investigations. Except as noted below, the officers, directors and managers of the Applicant have not had judgments entered against them in any civil matter or judgments levied by any administrative or regulatory agency, or been convicted of any criminal act within the last ten years. A judgment was issued against Samer Tawfik in 2002 in the amount of approximately \$41,000. That judgment has been satisfied.